

Message Text

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ACTION EB-07

INFO OCT-01 ARA-06 ISO-00 AGR-05 CEA-01 CIAE-00 COME-00

DODE-00 FRB-03 H-02 INR-07 INT-05 L-03 LAB-04 NSAE-00

NSC-05 PA-01 AID-05 CIEP-01 SS-15 STR-04 TAR-01

TRSE-00 USIA-06 PRS-01 SP-02 OMB-01 FEA-01 /087 W

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R 242250Z NOV 75

FM AMEMBASSY QUITO

TO SECSTATE WASHDC 8091

INFO AMCONSUL GUAYAQUIL

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E.O. 11652: N/A

TAGS: ETRD EGEN PFOR EC

SUBJECT: GSP IMPLEMENTATION AND ECUADOR'S EXCLUSION

REF: STATE 277516

1. EMBASSY PLANS TO PUT OUT FOLLOWING PRESS RELEASE
NOVEMBER 25 ON GSP IN ATTEMPT SOFTEN STRONG REACTION
THAT WE EXPECT ON THIS SUBJECT BECAUSE OF ECUADOR'S
EXCLUSION.

2. QUOTE THE PRESIDENT OF THE UNITED STATES HAS RECENTLY
ANNOUNCED THE LIST OF COMMODITIES FROM LESSER DEVELOPED
COUNTRIES THAT WILL ENJOY TARIFF PREFERENCES IN ENTERING
THE UNITED STATES. ALTHOUGH AT LEAST INITIALLY ECUADOR
WILL NOT BE AMONG THOSE COUNTRIES GRANTED TRADE PREFER-
ENCES, IT STILL REMAINS THE POLICY AND GOAL OF THE
EXECUTIVE BRANCH OF THE UNITED STATES GOVERNMENT TO REMOVE
ECUADOR'S EXCLUSION, AND THE U.S. ADMINISTRATION IS CON-
TINUING ITS EFFORTS WITH THE LEGISLATIVE BRANCH TO THIS END.

3. THERE REMAINS CONSIDERABLE MISUNDERSTANDING WITH
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RESPECT TO THE SYSTEM OF TRADE PREFERENCES ENACTED

LATE LAST YEAR. FOR EXAMPLE, A RECENT NEWSPAPER ARTICLE IN QUITO STATED THAT QUOTE A GREAT NUMBER OF LATIN AMERICAN EXPORTS WOULD BE EXCLUDED FROM THE U.S. MARKET DUE TO PROVISIONS OF THE GSP. ACCORDING TO AN EMBASSY SPOKESMAN, THE FACT IS THAT UNDER THE GSP THERE ARE NO EXCLUSIONS WHATEVER AFFECTING LATIN AMERICAN EXPORTS TO THE UNITED STATES.

4. THE GENERALIZED SYSTEM OF PREFERENCES IS A UNILATERAL (NON-RECIPROCAL) CONCESSION GRANTED BY THE UNITED STATES TO CERTAIN DEVELOPING COUNTRIES. ALL COUNTRIES WITHOUT GSP STATUS CONTINUE TO HAVE FREE ACCESS TO THE U.S. MARKET, AND ALMOST ALL OF THESE--INCLUDING ECUADOR--ENJOY QUOTE MOST-FAVORED-NATION UNQUOTE TREATMENT UNDER THE U.S. TARIFF LEGISLATION. COUNTRIES WITH GSP STATUS WOULD RECEIVE ADDITIONAL PREFERENTIAL TARIFF TREATMENT FOR SOME OF THEIR EXPORTS TO THE UNITED STATES.

5. SOME SEVENTY PERCENT OF ECUADOR'S EXPORTS TO THE UNITED STATES NOW ENTER DUTY-FREE, THE SPOKESMAN POINTED OUT. THE ECONOMIC IMPACT ON ECUADOR OF THE GSP AS IT IS TO BE IMPLEMENTED BY PRESIDENT FORD WILL BE NEGLIGIBLE IN THE SHORT-RUN, SINCE THOSE PRODUCTS AFFECTED REPRESENT ONLY FOUR PERCENT OF ALL ECUADOREAN EXPORTS TO THE U.S. THE GSP AND OTHER PROVISIONS OF THE U.S. TRADE REFORM ACT WILL HAVE SIGNIFICANT LONG-RANGE BENEFITS FOR ALL DEVELOPING COUNTRIES, MOREOVER, BY STIMULATING GLOBAL REDUCTIONS IN TARIFFS AND NON-TARIFF BARRIERS.

6. THE SPOKESMAN ADDED THAT THE ADMINISTRATION IS ACTIVELY SEEKING TO AMEND THE TRADE REFORM ACT SO AS TO EXTEND THE PROVISIONS OF THE GSP TO ECUADOR. BY THE TIME ECUADOR IS IN A POSITION TO TAKE FULL ADVANTAGE OF GSP, IT IS HOPED THAT THE CURRENT RESTRICTION WILL HAVE BEEN REMOVED. UNQUOTE.

7. ACTION REQUESTED: IT WOULD BE MOST HELPFUL IF HIGH DEPARTMENT OFFICIAL WOULD ALSO REPEAT PUBLICLY THAT ADMINISTRATION EFFORTS TO REMOVE BLANKET OPEC EXCLUSION ARE CONTINUING. EVEN IF ITS EFFORTS ARE NOT SUCCESSFUL IN THE SHORT RUN A STATEMENT AT LIMITED OFFICIAL USE

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THIS TIME WOULD BE USEFUL.
HEMENWAY

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